

Statement of MacHenry Schafer, Director of Personnel, U. S.
Department of Agriculture, before the House Subcommittee on
Manpower Utilization and Departmental Personnel
Management

November 3, 1955

Mr. Chairman and Members of the Committee:

We from the Department of Agriculture are happy to meet with you today to discuss our past efforts and our future plans for the most effective utilization of manpower in conducting the programs of the Department of Agriculture.

We are in accord with the objectives of the Subcommittee and I think a review of the operations of our Department will disclose a continuous effort in the application of good management principles.

The magnitude of our programs has been determined by the Congress but we have been continuously alert to effect economies through improved procedures and better use of personnel. I think a means of portraying the fruits of these efforts would be to look at total employment in the Department as of December 31, 1941 which was 106,108 compared with 70,267 December 31, 1954.

Legislation approved by the Congress during the past several years has added a number of important new programs and has strengthened other activities, such as research and education. There is a heavy load involved in the management and disposition of record quantities of surplus commodities. However, our total personnel numbers are less now than in 1946. The figures as of August 31 which the committee requested are as follows:

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U. S. DEPARTMENT OF AGRICULTURE

TOTAL PAID EMPLOYEES AS REPORTED TO THE CIVIL SERVICE
COMMISSION ON SF-113 FOR DATES INDICATED

<u>AS OF</u>	<u>TOTAL PAID EMPLOYEES</u>
August 31, 1946	96,238
August 31, 1947	78,077
August 31, 1948	81,763
August 31, 1949	80,973
August 31, 1950	81,581
August 31, 1951	77,743
August 31, 1952	77,534
August 31, 1953	77,549
August 31, 1954	77,405
August 31, 1955	85,266

More directly, I would like to discuss developments since 1953. One of the first actions taken by Secretary Benson was the establishment of a policy that program operations be carried on at a minimum level of cost and expenditures and that employment be kept to the absolute minimum required to discharge effectively and efficiently the duties assigned by the Congress. An intensive budget and program review was immediately undertaken and in the spring of 1953 recommendations were made to the Congress for a number of savings and reductions which we felt could be made in the budget which had already been submitted. This process of critical review and adjustment of our programs has been continued ever since that time not only in connection with

the preparation of the budget but has also been reflected in major reorganizations, realignment of functions, clarification of responsibilities, and improvements in program and administrative operations. As a result, during the past three years, substantial improvements and savings have been accomplished. Let me give you a few examples.

(1) Improvements in Organization and Over-all Administration of the Department of Agriculture

A study of the Department's organization was conducted by a committee specifically designated for that purpose. Under Reorganization Plan 2 of 1953, the Department was reorganized in order to streamline and simplify its internal organization and to place greater emphasis on marketing. The new Department organization puts all of the service agencies of the Department under four main groups: (1) Federal-States Relations; (2) Marketing and Foreign Agriculture; (3) Agricultural Stabilization; and (4) Agricultural Credit. These, with the Administrative Services group and the Office of the General Counsel, are each headed by an official who reports directly to the Secretary. Reorganization Plan 2 of 1953 also provided the Department with two additional Assistant Secretary and one Administrative Assistant Secretary positions. The realignment and the establishment of the new positions has provided additional aid to the Secretary in giving direction to departmental operations and facilitating the review and coordination of agency programs. Some of the more significant accomplishments of the reorganization are the centralization of all Departmental research

activities other than marketing and forestry research in the new Agricultural Research Service. Individual research bureaus were eliminated in order to insure greater coordination and integration of research programs. Inspection and control activities related to research were retained in the Agricultural Research Service but so administered as to assure separation from research activities.

A separate Agricultural Marketing Service was established to perform all marketing functions of the Department in a single agency. All activities pertaining to acreage allotments and marketing quotas, price support, foreign commodity supply and commodity disposal were concentrated in the Commodity Stabilization Service.

(2) Commodity Stabilization Service Commodity Office Operations

The CSS Commodity Offices are primarily engaged in price support operations which are engaged in making loans on and/or acquiring all or any part of the eligible production of the major crops produced in the United States. In performing these functions, a detailed system of work measurement is utilized involving standards of performance for each type of document or transaction handled. Since the inception of this system, the efficiency of these operations has increased each year and budgets have been based upon the increased rate of productivity. To illustrate, during the Fiscal Year 1953, the Commodity Offices exceeded their previous year's efficiency by 20%. This increased rate of productivity became the goal for the Fiscal Year 1954 and during that year these offices again improved

upon the previous year's accomplishment by 37%. This improved rate of output was maintained in Fiscal Year 1955 and we now observe that for the first three months of the current fiscal year, these offices are operating at a 21% higher productivity than heretofore. It should be emphasized, however, that the increasing volume of price support operations has contributed to this accomplishment and a decrease in volume could possibly bring about a lower performance accomplishment.

(3) Information Work Reorganized and Clarified

The Department's Office of Information has been placed under the general direction of the Administrative Assistant Secretary. Responsibilities for policy clearance and control of publications have been clarified. Photographic art and graphics work has been centralized in that Office. A Departmental Publications Review Committee has been formed to review all Department publications, to recommend areas for reducing the number and size of publications and to study the practicability of placing a larger proportion of USDA publications on a sales basis. Individual agency publications review committees have been established to study informational activities of those agencies which disseminate information to the public.

(4) Accounting Systems

The Department has been an active participant in the Joint Program to Improve Accounting in the Federal Government since its inception in 1947. Through cooperative working arrangements with the General Accounting Office, the Treasury and the Bureau of the Budget, efforts are being directed toward the development and installation of accounting systems designed to meet the specific needs of management and continuous study is being given to the improvement of our fiscal procedures and systems of internal control. The Department has wholeheartedly endorsed the provisions of the Budget and Accounting Act of 1950 which placed the prime responsibility for this aspect of financial management on the respective agencies. Through initiative in the development of ideas and aggressiveness in evaluating management need, and with the cooperation of the General Accounting Office and the Treasury Department in making pilot studies, substantial savings are being effected. Numerous examples of improvement in the Department of Agriculture are enumerated in each of the Comptroller General's annual reports on the Joint Program. These improvements have been effected in almost every area of accounting activity. The Comptroller General has approved all accounting systems which have been completed to date and has commended the Department for the results it has achieved.

(5) Soil Conservation Service

Regional offices of the Soil Conservation Service have been abolished, and provision made for continuing essential services in the State offices of the Service. The need for regional supervisory offices has diminished

to the point where it is more efficient for the State Conservationist and his staff to assume full responsibility for the program in his State at a level close to the public to be served. Those regional office functions necessary to be continued but not transferred to the State office level are performed by technicians attached to the Soil Conservation Service Washington office but stationed at appropriate locations in the field.

(6) Rural Electrification Adjustments

Activities of the electrification program are now carried out through five Area Offices and two technical staff divisions instead of the former five Area Offices and six Divisions. The activities of the telephone loan program have been streamlined by reducing the number of divisions engaged in its operation from four to two. Field offices at Palmer, Alaska, and Spokane, Washington, have been closed in the interests of economy. Annual audits of borrowers' operating records by REA field personnel has been discontinued. Full responsibility for these audits has now been placed upon the borrowers and are made by certified public accountants at borrowers' expense.

(7) Consolidation of the Farmers Home Administration Finance Activities Carried on in their National and Area Finance Offices

The consolidation of all fiscal and accounting work carried on at Montgomery, Alabama; Dallas, Texas; Denver, Colorado; St. Louis, Missouri, into a single office at St. Louis has resulted in a saving of 35% in personnel and about \$1,700,000 expenses on an annual basis. A reduction

in the Washington office was also accomplished as the need for direction and supervision of the field offices was reduced. The consolidation reduced substantially the amount of supervision and overhead type of expense and permitted a reduction in the accounting and clerical staff since a single office serving the entire United States and the territories tends to even out the work load throughout the year.

(8) Forest Service

Ten national forest offices were reduced to five through consolidation with adjacent forests, and consideration is being given to consolidation of four additional forests. Several ranger districts were consolidated, and elimination of others is planned. Four experiment stations have been reduced to two through consolidation. It is contemplated these consolidations will result in economies and in more effective operations.

It is, of course, very difficult to put a dollar valuation on the savings and improvements that we have made at a time when new and increased responsibilities are being added. The savings from improvements tend to be utilized in increasing the effectiveness of programs, thus making it possible to absorb heavier workloads within available funds. Savings of this kind have also made it possible for us to meet new or unexpected cost increases such as the recent requirement to pay the Post Office Department for the cost of our official mailings.

At the same time we have effected these savings, we have recognized the need to emphasize certain of our programs which we believe will strengthen the agricultural economy and provide the means whereby the farmer can improve his economic status on a permanent long-range basis.

In our past experience the march of science and education has been the mainspring of agricultural progress. Looking toward the future, we firmly believe that the long-term welfare of agriculture and the Nation requires the expansion of research and on-the-farm extension work in all phases of agriculture--in production, transportation, processing, and marketing of farm products. To provide the means for carrying out more adequate research and education programs we recommended and the Congress approved increases in appropriations totaling \$43 million over the past three years.

Another problem of great importance to agriculture which has been receiving attention during the past three years concerns the measures needed in the small watersheds of the Nation to promote soil and water conservation. In the fiscal year 1954 the Congress authorized and made funds available for the inauguration of a pilot watershed program. Subsequently, additional impetus was provided by the enactment of the Watershed Protection and Flood Prevention Act (Public Law 566). Altogether, increased appropriations of \$14.3 million have been provided for watershed protection and flood prevention.

Emphasis has also been placed on keeping pace in the management and development of our great forest resources. It has been necessary, in particular, to provide for an increased volume of timber sales. Sustained yield practices make it desirable that, insofar as possible, the timber which has matured be harvested. This is also important in the economic life of the Nation since there is a demand for the timber and since the timber-cutting operation is an integral part of the economic base in many communities. While increasing the timber sales requires

additional Federal appropriations and personnel, the receipts to the Federal Treasury from the sales of timber more than offset the cost of expanded operations. For this and other phases of forestry development, appropriations have increased by \$12.5 million over the past three years.

As one means of combating the problems caused by the large quantities of surplus agricultural products the Department has placed greatly increased emphasis on the development of foreign markets. In line with this effort the agricultural attaches were shifted from the State Department to the Department of Agriculture by the Agricultural Act of 1954. Increased funds made available to this Department for work in foreign agriculture and foreign market development amount to \$3.8 million. Also, during this period of increasing surpluses the additional costs of administering price support and production controls have amounted to \$38.5 million.

A further area where increased expenditures have been unavoidable is related to actions taken by the Department to provide loans and other relief to victims of drought, floods, and other natural disasters. Because of the relatively large incidence of these disasters during the past few years, expenditures--principally from the revolving fund established by Congress for this purpose--have been substantial. All of these increases in funds and programs have, of course, been approved by Congress. Also Congress has restored a number of reductions proposed in the agricultural budget and indicated that program levels should be maintained accordingly.

While the figures cited earlier reflect total paid employment, which includes seasonal, temporary and intermittent workers, a more

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significant measure of our recent employment is reflected in the figures for permanent full-time employees who represent the continuing work force of the Department.

Permanent full-time employees as of December 31, 1952	52,338
Permanent full-time employees as of December 31, 1954	52,833
Permanent full-time employees as of September 30, 1955	55,102

It would have been impossible for us to undertake these additional responsibilities with a relatively modest increase in staff indicated by the figures above had we not at the same time made all possible economies consistent with the effective performance of our work.

Another important fact to keep in mind in appraising the personnel situation in the Department of Agriculture and the potential which it holds for further savings is the fact that based on latest estimates of total expenditures for the current fiscal year, salaries of employees over whom we have control represent only about 10%. In other words, in our broader responsibility for holding down Government expenditures, we must consider not only the relatively small proportion of our cost which goes for the salaries of employees but also to the more substantial program costs involved in such activities as price support, disposal of surplus commodities, loans and payments.

Certainly, I would not want to minimize the importance of adequate controls on the expenditures for personnel. However, the situation with which we are faced is illustrated by the fact that a change in estimated production--which frequently occurs from one monthly crop report to the next--can, as it has in the past, either reduce or increase the estimated net expenditures for price support by far more than the total expenditures for personal services. This makes it clear that if

expenditures of the Department as a working base and not merely the small portion which goes for salaries.

The President has recently reemphasized his objective to balance the Federal budget. Secretary Benson has requested each of his agency heads to evaluate again their programs for the current fiscal year both as to the need for funds and the number of personnel required for their authorized operations.

Looking to the future, we expect to keep the management of the Department of Agriculture under continuous inspection and appraisal as heretofore. We would expect to obtain better results since we feel the organizational structure has been materially improved by the adoption of Reorganization Plan 2. We now have the program areas, such as Federal-States Relations, Marketing and Foreign Agriculture, Agricultural Stabilization, and Agricultural Credit, each reporting to an Assistant Secretary or Group Leader. The administrative or staff activities report to an Administrative Assistant Secretary for Departmental Administration. Coincident with the organizational realignment of the agencies of the Department, the major agencies now have an Assistant Administrator for Administration and units for program appraisal and internal audit have been established as devices to improve departmental administration. With these arrangements, the Secretary has continuous and adequate control over the programs of the Department of Agriculture.